

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the  
5 Historic Preservation Tax Credit Act.

6 Section 5. Definitions. As used in this Section, unless the  
7 context clearly indicates otherwise:

8 (a) "Qualified expenditures" means all the costs and  
9 expenses of exterior and interior rehabilitation and  
10 construction, including all costs relating to adaptive reuse  
11 and parking structures, incurred by a qualified taxpayer in the  
12 restoration and preservation of a qualified historic structure  
13 pursuant to a qualified rehabilitation plan.

14 (b) "Qualified historic structure" means any building,  
15 regardless of whether the building is income producing, is a  
16 condominium building, or is of any other ownership structure,  
17 that (i) is defined as a certified historic structure under  
18 Section 47 (c) (3) of the federal Internal Revenue Code and is  
19 located in Illinois, (ii) is individually listed on the  
20 Illinois Register of Historic Places, (iii) is located and  
21 contributes to a district listed on the Illinois Register of  
22 Historic Places, (iv) is located and contributes to a district  
23 listed on the register of Illinois Main Street places, or (v)

1 is located and contributes to a district listed on a local  
2 register of historic places within a home rule county or home  
3 rule municipality.

4 (c) "Qualified rehabilitation plan" means a project that is  
5 approved by the Illinois Historic Preservation Agency, by a  
6 local historic preservation commission certified by the  
7 Illinois Historic Preservation Agency according to rules  
8 adopted by the Agency, or by a local historic preservation  
9 commission of a home rule county or home rule municipality, as  
10 being consistent with the standards for rehabilitation and  
11 guidelines for rehabilitation of historic buildings as adopted  
12 by the federal Secretary of the Interior and in effect on the  
13 effective date of this Act.

14 (d) "Qualified taxpayer" means the owner of the qualified  
15 historic structure or any other person who may qualify for the  
16 federal rehabilitation credit allowed by Section 47 of the  
17 federal Internal Revenue Code. If the taxpayer is (i) a  
18 corporation having an election in effect under Subchapter S of  
19 the federal Internal Revenue Code, (ii) a partnership, or (iii)  
20 a limited liability company, the credit provided by this  
21 subsection may be claimed by the shareholders of the  
22 corporation, the partners of the partnership, or the members of  
23 the limited liability company in the same manner as those  
24 shareholders, partners, or members account for their  
25 proportionate shares of the income or losses of the  
26 corporation, partnership, or limited liability company, or as

1 provided in the bylaws or other executed agreement of the  
2 corporation, partnership, or limited liability company.  
3 Credits granted to a partnership, a limited liability company  
4 taxed as a partnership, or other multiple owners of property  
5 shall be passed through to the partners, members, or owners  
6 respectively on a pro rata basis or pursuant to an executed  
7 agreement among the partners, members, or owners documenting  
8 any alternate distribution method.

9 Section 10. Allowable credit. For all taxable years  
10 commencing after December 31, 2009, there shall be allowed a  
11 tax credit against the tax imposed by subsections (a) and (b)  
12 of Section 201 of the Illinois Income Tax Act in an amount  
13 equal to 25% of qualified expenditures incurred by a qualified  
14 taxpayer in the restoration and preservation of a qualified  
15 historic structure pursuant to a qualified rehabilitation plan  
16 if the total amount of such expenditures equals \$5,000 or more.  
17 If the amount of any tax credit awarded under this Act exceeds  
18 the qualified taxpayer's income tax liability for the year in  
19 which the qualified rehabilitation plan was placed in service,  
20 the excess amount may be carried forward for deduction from the  
21 taxpayer's income tax liability in the next succeeding year or  
22 years until the total amount of the credit has been used,  
23 except that a credit may not be carried forward for deduction  
24 after the tenth taxable year after the taxable year in which  
25 the qualified rehabilitation plan was placed in service.

1           Section 15. Transfer of credits. Any qualified taxpayer,  
2 referred to in this Section as the assignor, may sell, assign,  
3 convey, or otherwise transfer tax credits allowed and earned  
4 under this Act. The taxpayer acquiring the credits, referred to  
5 in this Section as the assignee, may use the amount of the  
6 acquired credits to offset up to 100% of its income tax  
7 liability for either the taxable year in which the qualified  
8 rehabilitation plan was first placed into service or the  
9 taxable year in which such acquisition was made. Unused credit  
10 amounts claimed by the assignee may be carried forward for up  
11 to 10 years or carried back for up to 3 years, except that all  
12 credits must be claimed within 10 years after the tax year in  
13 which the qualified rehabilitation plan was first placed into  
14 service and may not be carried back to a tax year prior to the  
15 tax year in which the credit was issued. The assignor shall  
16 enter into a written agreement with the assignee establishing  
17 the terms and conditions of the agreement and shall perfect the  
18 transfer by notifying the Illinois Historic Preservation  
19 Agency in writing within 90 calendar days after the effective  
20 date of the transfer and shall provide any information as may  
21 be required by the Agency to administer and carry out the  
22 provisions of this Section. The amount received by the assignor  
23 of such tax credit shall be taxable as capital gains income of  
24 the assignor, and the excess of the value of such credit over  
25 the amount paid by the assignee for such credit shall be

1 taxable as capital gains income of the assignee.

2 Section 20. Annual county limit. The cumulative amount  
3 allowable for credits awarded under this Act shall be limited  
4 to a maximum of \$25,000,000 per year per county, based on the  
5 location of the approved project. Notwithstanding the 10-year  
6 carry forward period for credits awarded under this Act, if a  
7 credit is disallowed because it exceeds the annual \$25,000,000  
8 cumulative limit per county, the credit shall be allowed in the  
9 next year if, within the limit, the claim period for the credit  
10 is extended by one additional year for each year disallowed as  
11 a result of this Section. Except in cases of bad faith or  
12 fraud, no penalty or interest shall be due as a result of any  
13 credit disallowed by this Section.

14 Section 25. Biennial report. The Department of Commerce and  
15 Economic Opportunity shall determine, on a biennial basis  
16 beginning at the end of the second fiscal year after the date  
17 this Act takes effect, the overall economic impact to the State  
18 from the rehabilitation of eligible property.

19 Section 50. The Illinois Income Tax Act is amended by  
20 adding Section 219 as follows:

21 (35 ILCS 5/219 new)

22 Sec. 219. Historic preservation credit. For tax years

1 commencing after December 31, 2009, a taxpayer who qualifies  
2 for a credit under the Historic Preservation Tax Credit Act is  
3 entitled to a credit against the taxes imposed under  
4 subsections (a) and (b) of Section 201 of this Act as provided  
5 in that Act. If the taxpayer is a partnership or Subchapter S  
6 corporation, the credit shall be allowed to the partners or  
7 shareholders in accordance with the determination of income and  
8 distributive share of income under Sections 702 and 704 and  
9 Subchapter S of the Internal Revenue Code. This Section is  
10 exempt from the provisions of Section 250 of this Act.

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law.